

Senate Engrossed

State of Arizona
Senate
Forty-seventh Legislature
First Regular Session
2005

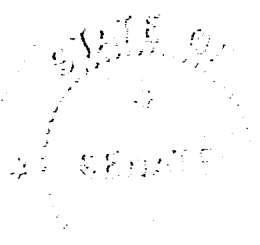
CHAPTER 211

SENATE BILL 1386

AN ACT

AMENDING SECTIONS 20-1251.01, 20-1252, 20-1254, 20-1255 AND 20-1276, ARIZONA
REVISED STATUTES; RELATING TO GROUP LIFE INSURANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)



1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 20-1251.01, Arizona Revised Statutes, is amended to
3 read:

4 20-1251.01. Credit union groups

5 A. The lives of a group of individuals may be insured under a policy
6 issued to a credit union organized under the laws of this state or the
7 federal credit union act, which shall be considered the policyholder, to
8 insure eligible members for amounts of insurance related to the share balance
9 of each member, based upon some plan which will preclude individual
10 selection, for the benefit of someone other than the credit union or its
11 officials and subject to the following requirements:

12 1. The members eligible for insurance under the policy shall be all
13 the members of the credit union who meet standard physical requirement
14 conditions of the insurer, or all of any class or classes of them determined
15 by conditions pertaining to their age or to membership in the credit union or
16 both.

17 2. The premiums for the policy shall be paid by the policyholder,
18 either wholly from the credit union's funds, or ~~partly from such funds and~~
19 ~~partly from funds contributed by the insured members specifically for their~~
20 ~~insurance, OR FROM BOTH. No policy may be issued on which the entire premium~~
21 ~~is to be derived from funds contributed by the insured members specifically~~
22 ~~for their insurance.~~ A policy on which part of the premium is to be derived
23 from funds contributed by the insured members specifically for their
24 insurance may be placed only if at least seventy-five per cent of the then
25 eligible members, excluding those whose evidence of individual insurability
26 is not satisfactory to the insurer, elect to make the required
27 contribution. A policy on which no part of the premium is to be derived from
28 funds contributed by the insured members specifically for their insurance
29 must insure all eligible members or all except those whose evidence of
30 individual insurability is not satisfactory to the insurer.

31 3. The policy must cover at least twenty-five members at the date of
32 issue.

33 Sec. 2. Section 20-1252, Arizona Revised Statutes, is amended to read:

34 20-1252. Employee groups

35 The lives of a group of individuals may be insured under a policy
36 issued to an employer, or to the trustees of a fund established by an
37 employer, which employer or trustees shall be deemed the policyholder, to
38 insure employees of the employer for the benefit of persons other than the
39 employer, subject to the following requirements:

40 1. The employees eligible for insurance under the policy shall be all
41 of the employees of the employer, or all of any class or classes thereof
42 determined by conditions pertaining to their employment. The policy may
43 provide that the term "employees" shall include the employees of one or more
44 subsidiary corporations, and the employees, individual proprietors and
45 partners of one or more affiliated corporations, proprietors or partnerships

1 if the business of the employer and of such affiliated corporations,
2 proprietors or partnerships is under common control through stock ownership,
3 contract or otherwise. The policy may provide that the term "employees"
4 shall include the individual proprietor or partners if the employer is an
5 individual proprietor or a partnership. The policy may provide that the term
6 "employees" shall include retired employees. No director of a corporate
7 employer shall be eligible for insurance under the policy unless such person
8 is otherwise eligible as a bona fide employee of the corporation by
9 performing services other than the usual duties of a director. No individual
10 proprietor or partner shall be eligible for insurance under the policy unless
11 he is actively engaged in and devotes a substantial part of his time to the
12 conduct of the business of the proprietor or partnership. A policy issued to
13 insure the employees of a public body may provide that the term "employees"
14 shall include elected or appointed officials.

15 2. The premium for the policy shall be paid by the policyholder,
16 either ~~wholly~~ from the employer's funds or funds contributed by him, or
17 ~~partly from such funds and partly~~ from funds contributed by the insured
18 employees, OR FROM BOTH. ~~No policy may be issued on which the entire premium~~
19 ~~is to be derived from funds contributed by the insured employees.~~ A policy
20 on which part of the premium is to be derived from funds contributed by the
21 insured employees may be placed in force only if at least seventy-five per
22 cent of the then eligible employees, excluding any as to whom evidence of
23 individual insurability is not satisfactory to the insurer, elect to make the
24 required contributions. A policy on which no part of the premium is to be
25 derived from funds contributed by the insured employees shall insure all
26 eligible employees, or all except any as to whom evidence of individual
27 insurability is not satisfactory to the insurer.

28 3. The policy must cover at least two employees at date of issue.

29 4. The amounts of insurance under the policy must be based upon some
30 plan precluding individual selection either by the employees or by the
31 employer or trustees.

32 Sec. 3. Section 20-1254, Arizona Revised Statutes, is amended to read:

33 20-1254. Labor union groups

34 The lives of a group of individuals may be insured under a policy
35 issued to a labor union, which shall be deemed the policyholder, to insure
36 members of the union for the benefit of persons other than the union or any
37 of its officials, representatives or agents, subject to the following
38 requirements:

39 1. The members eligible for insurance under the policy shall be all of
40 the members of the union, or all of any class or classes thereof determined
41 by conditions pertaining to their employment, or to membership in the union,
42 or both.

43 2. The premium for the policy shall be paid by the policyholder,
44 either ~~wholly~~ from the union's funds, or ~~partly from such funds and partly~~
45 from funds contributed by the insured members specifically for their

insurance, OR FROM BOTH. ~~No policy may be issued on which the entire premium is to be derived from funds contributed by the insured members specifically for their insurance.~~ A policy on which part of the premium is to be derived from funds contributed by the insured members specifically for their insurance may be placed in force only if at least seventy-five per cent of the then eligible members, excluding any as to whom evidence of individual insurability is not satisfactory to the insurer, elect to make the required contributions. A policy on which no part of the premium is to be derived from funds contributed by the insured members specifically for their insurance shall insure all eligible members, or all except any as to whom evidence of individual insurability is not satisfactory to the insurer.

3. The policy shall cover at least two members at date of issue.

4. The amounts of insurance under the policy shall be based upon some plan precluding individual selection either by the members or by the union.

Sec. 4. Section 20-1255, Arizona Revised Statutes, is amended to read:

20-1255. Trustee groups

The lives of a group of individuals may be insured under a policy issued to the trustees of a fund established in this state by two or more employers in the same industry, if a majority of the employees to be insured of each employer are located within this state, or to the trustees of a fund established by one or more labor unions, or by one or more employers in the same industry and one or more labor unions, or by one or more employers and one or more labor unions whose members are in the same or related occupations or trades, which trustees shall be deemed the policyholder, to insure employees of the employers or members of the unions for the benefit of persons other than the employers or the unions, subject to the following requirements:

1. The persons eligible for insurance shall be all of the employees of the employers or all of the members of the unions, or all of any class or classes thereof determined by conditions pertaining to their employment, or to membership in the unions, or to both. The policy may provide that the term "employees" shall include retired employees, and the individual proprietor or partners if an employer is an individual proprietor or a partnership. No director of a corporate employer shall be eligible for insurance under the policy unless such person is otherwise eligible as a bona fide employee of the corporation by performing services other than the usual duties of a director. No individual proprietor or partner shall be eligible for insurance under the policy unless he is actively engaged in and devotes a substantial part of his time to the conduct of the business of the proprietor or partnership. The policy may provide that the term "employees" shall include the trustees or their employees, or both, if their duties are principally connected with such trusteeship.

2. The premium for the policy shall be paid by the trustees wholly, EITHER from funds contributed by the employer or employers of the insured persons, or by the union or unions, OR FROM THE INSURED PERSONS SPECIFICALLY

1 FOR THEIR INSURANCE, or by FROM both, or, except in the case of a policy
2 issued to the trustees of a fund established wholly by two or more employers,
3 partly from such funds, and partly OR from funds contributed by the insured
4 persons, OR FROM BOTH. ~~No policy may be issued to the trustees of a fund~~
5 ~~established wholly by two or more employers on which any part of the premium~~
6 ~~is to be derived from funds contributed by the insured persons specifically~~
7 ~~for their insurance.~~ A policy on which part of the premium is to be derived
8 from funds contributed by the insured persons specifically for their
9 insurance may be placed in force only if at least seventy-five per cent of
10 the then eligible persons, excluding any as to whom evidence of insurability
11 is not satisfactory to the insurer, elect to make the required
12 contributions. A policy on which no part of the premium is to be derived
13 from funds contributed by insured persons specifically for their insurance
14 shall insure all eligible persons, or all except any as to whom evidence of
15 individual insurability is not satisfactory to the insurer.

16 3. The policy shall cover at date of issue at least one hundred
17 persons and not less than an average of five persons, other than individual
18 proprietors or partners, per employer unit. If the fund is established by
19 the members of an association of employers the policy may be issued only if
20 either the participating employers constitute at date of issue at least sixty
21 per cent of those employer members whose employees are not already covered
22 for group life insurance, or the total number of persons covered at date of
23 issue exceeds six hundred, and if the policy does not require that, if a
24 participating employer discontinues membership in the association, the
25 insurance of his employees shall cease solely by reason of such
26 discontinuance.

27 4. The amounts of insurance under the policy shall be based upon some
28 plan precluding individual selection either by the insured persons or by the
29 policyholder, employers or unions.

30 Sec. 5. Section 20-1276, Arizona Revised Statutes, is amended to read:
31 20-1276. "Employee life insurance" defined

32 A. "Employee life insurance" is that plan of life insurance, other
33 than salary savings life insurance or pension trust insurance and annuities,
34 under which individual policies are issued to the employees of any employer
35 and where such policies are issued on the lives of not less than two nor more
36 than forty-nine employees at date of issue.

37 B. Premiums for such policies shall be paid by the employer or the
38 trustee of a fund established by the employer either wholly from the
39 employer's funds, or funds contributed by him, or partly from such funds and
40 partly from funds contributed by the insured employees, OR FROM BOTH.

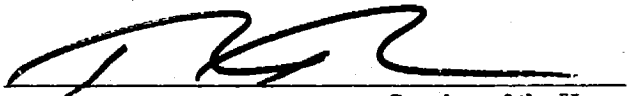
APPROVED BY THE GOVERNOR APRIL 25, 2005.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 25, 2005.

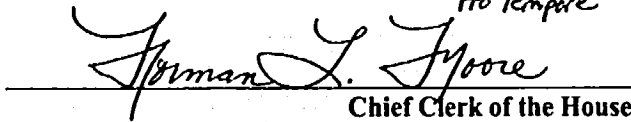
Passed the House April 18, 2005,

by the following vote: 58 Ayes,

0 Nays, 2 Not Voting



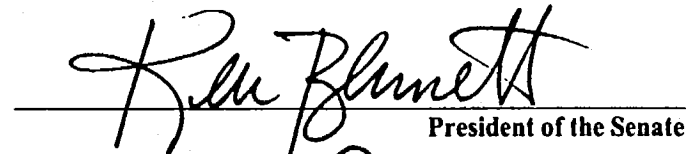
Speaker of the House
Pro Tempore

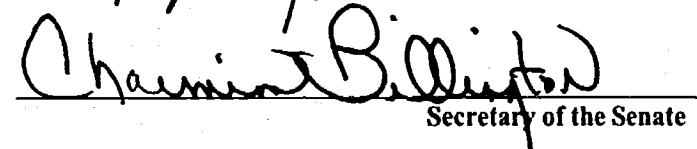

Chief Clerk of the House

Passed the Senate February 22, 2005,

by the following vote: 28 Ayes,

1 Nays, 1 Not Voting


President of the Senate


Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

19th day of April, 2005

at 12:05 o'clock P. M.


Secretary to the Governor

Approved this 25 day of

April, 2005,

at 9:55 o'clock A. M.


Governor of Arizona

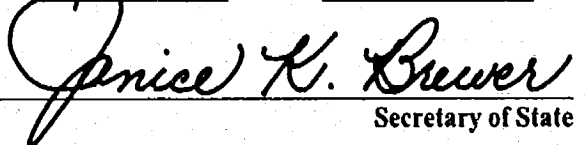
S.B. 1386

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 25 day of April, 2005

at 4:33 o'clock P. M.


Secretary of State